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ABSTRACT

This newsletter issue focuses on welfare reform and programs that help low-income children in Minnesota, including articles on the basic values which should guide welfare reform; current welfare reform proposals; the cost of welfare; the role of charities and the religious community; an overview of programs in Minnesota which assist low-income children; and a two-page chart showing the county-by-county analysis of the number of children aided by these programs. A section on what citizens can do about welfare reform is included. The second section contains an extended analysis of the effects on Minnesota of the U.S. House of Representatives' Welfare Reform Plan, including discussions of programs affected by proposed legislation. Definitions of several terms are included, and several articles contain references. (AP)

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ED 389 410

Minnesota's Children and Welfare Reform

Summer 1995

This report on welfare reform and programs that help low-income children in Minnesota:

- discusses the basic values which should guide welfare reform
- explores current welfare reform proposals
- examines the cost of welfare
- discusses the role of charities and the religious community
- provides an overview of programs in Minnesota which assist low-income children
- provides a county-by-county analysis of the number of children aided by these programs

PS 023705

Minnesota KIDS COUNT, a joint project of the Children's Defense Fund-Minnesota and Congregations Concerned for Children, is funded by the Annie E. Casey Foundation, and provides county-by-county assessment of the condition of Minnesota's children. Minnesota KIDS COUNT releases reports to provide a statistical profile of Minnesota's children and suggestions for action on their behalf.

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The need for significant welfare reform is undisputed. Many suggested reforms would significantly change who is eligible for help, what help is provided, and how long families can receive help. Policy makers, advocates, parents and community members all want what is best for children, but there is widespread disagreement about what "best" is.

Recent opinion polls suggest that of all welfare reform proposals, the public is most supportive of requiring job training for welfare recipients (94%). A majority (64%) were even willing to pay more taxes for job training and public service jobs. Only 8% thought that the government should **not** create work programs.

Opinion polls also show that the public supports providing welfare benefits to teen parents (60%) and having welfare programs be the responsibility of state rather than federal government (55% vs. 39%). When asked if "it is the responsibility of the government to take care of people who can't take care of themselves," a majority of those surveyed agreed with the statement, regardless of their party affiliation.[1]

The Children's Partnership, a national, nonpartisan organization, has suggested some guiding principles for evaluating welfare reform proposals.[2]

- Consider the "children's impact" to make sure that changes further the well-being of children and do not harm them.
- Promote work, self-sufficiency and successful parenting and the values of individual, civic and parental responsibility and independence.
- Strengthen and build on effective programs; the desire for change should not lead to "throwing out the baby with the bath water."
- Demand that proposals for change are accountable, resulting in solid, demonstrable gains for children.

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Welfare Reform Proposals

Many welfare reform proposals have been suggested and a few implemented in pilot projects. In order to reform the welfare system and reduce child poverty, policy makers must begin to tackle the root causes of child and family poverty in America. They must also commit adequate resources to the task.

Comprehensive welfare reform must consider the following needs: affordable child care and health care coverage; availability of living-wage jobs, education and job training; and collecting child support from absent parents. It might cost more money initially, but it will save money over time as more families become self-sufficient.

Time Limits

A popular reform suggested nationally and in Minnesota is a time limit on receiving benefits. However, there are several factors to consider before assuming time limits are the most effective way to help families become self-sufficient.

- While 54% of AFDC recipients in Minnesota receive AFDC for two years or less, many of these families remain in poverty even after they leave the program.[3] Some return to the program after a period in the work force because they become unemployed again, have extra expenses such as a serious illness or are not able to arrange affordable child care.
- Those who remain on AFDC often lack skills necessary to obtain jobs that will support their families and pay enough to cover health care and child care expenses.
- Many training and education programs take longer than two years to

complete, especially when single parents are also caring for children.

- Larger economic forces, such as a lack of available living wage jobs, present additional barriers to families trying to leave welfare.

Welfare Reform and Effects on Families

Some welfare reformers feel that the availability of welfare increases out-of-wedlock births and breaks up families. Some suggest ending payments to young recipients or parents who have additional children while receiving benefits. However, an exhaustive review of research about the connections between welfare, out-of-wedlock childbearing and poverty debunks many myths about welfare and families. The research review finds that:

- The rise in out-of-wedlock childbearing is a society-wide trend, not confined to the young or to low-income women.
- There is very little connection between receiving AFDC benefits and the childbearing decisions of young, unmarried women.
- The purchasing power of welfare benefits has decreased greatly while the proportion of children born out-of-wedlock has increased. If women were giving birth in order to receive benefits, one would expect to see the opposite.
- The teen birth rate in the U.S. is much higher than in other western industrialized countries with more generous welfare benefits. This suggests that teens do not give birth primarily to receive welfare benefits.[4]

"Elements of the current welfare system that discourage work and marriage can be changed to reward work effort and strengthen families. Messages of parental responsibility can be strengthened. Barriers to secure employment at family-sustaining wages — ranging from inadequate child care, education and training services to chronic job shortages in many communities — can be substantially reduced, if not overcome.

"This effort to reform our nation's welfare system should reflect our most basic values: the importance of work; the responsibility of parents to care and provide for their children; the nurturing of hope for a better life among children and parents alike; and compassion and a helping hand to those who face personal crises..."

— Children's Defense Fund

Welfare Reform in Minnesota

Minnesota has taken significant action toward reforming AFDC through an innovative pilot project. After extensive planning, including a rigorous evaluation design, overcoming legislative reluctance to fund a program with large up-front costs, and the prolonged process of obtaining federal waivers, Minnesota's Family Investment Program (MFIP) has begun. Implemented in seven counties in April 1994, MFIP has three objectives:

- to raise more children out of poverty
- to reduce administration costs
- to offset the total cost of public assistance programs as recipients replace part of their grants with wages

MFIP differs markedly from the more well-known models of "tough love" welfare reform. MFIP is based on the notion of a social-contract between parents and the government and the common sense idea that people will work harder when they can keep a larger share of their paycheck. A preliminary evaluation of MFIP shows that 31% of urban and 52% of rural families in the program were employed, compared to 14% and 34% for families in traditional welfare programs.[5]

Minnesota has also made a commitment to providing health care coverage while improving quality and bringing the increasing costs of health care down to the rate of inflation. Minnesota has been successful at insuring more of its children than any other state.[6] A recent analysis of the MinnesotaCare Sliding Fee Health Program found that it has caused a reduction of 2,400 families in the AFDC caseload through October 1994, saving taxpayers approximately $890,000 per month.[7]

During the 1995 legislative session, the Minnesota Legislature passed some additional welfare reform proposals including:

- Expansion of MFIP to Ramsey County
- An 86% increase in funds for basic sliding fee child care assistance
- Authorization to seek federal waivers for rules that discourage work and savings
- Allowing counties to create empowerment zones, where savings realized through administrative efficiency can be used to provide jobs for AFDC recipients.

It is these kinds of thoughtful welfare reforms that will truly help low-income families and their children become self-sufficient.

For additional copies of this report, contact Congregations Concerned for Children at (612) 870-3660.

How Much Do We Spend on "Welfare?"

Welfare costs are not the major cause of the federal deficit.

- Spending on AFDC, food stamps and Medicaid for families receiving AFDC totaled about 3% of all federal spending in 1994.
- Spending on all programs that target most of their benefits or services toward low-income people, including cash assistance, medical aid, nutrition assistance, education funding, housing assistance, job training, and energy aid, totaled about 15% of all federal spending in 1992.[8]

Poverty rates alone do not measure the effects of government spending. For example, Minnesota ranks twenty-third among states in its child poverty rate. However, it does much better on its percent of low birth weight babies (4th), child death rate (6th), high school dropout rate (7th) and other indicators affected by this spending.[9]

The Role of Charities and Religious Organizations

Budget cuts in the early 1980's showed that the nonprofit sector is not able to make up for federal spending reductions. From 1982 to 1984, there were approximately $42 billion in cuts to federal social service programs. However, the national United Way estimates that charitable giving increased during that time only enough to make up for 7% of the federal funding cuts.[10]

Religious organizations also have a tradition of helping low-income children and families, but they are unable to help everyone in need. For example, Minnesota FoodShare, a program of the Greater Minneapolis Council of Churches, began in the 1980's to fill the gap left by federal cuts. The program faced its first shortfall of donations in 1995. In a statement to the media, FoodShare noted that the project is barely able to meet the current needs, much less respond to future cutbacks in programs.[11]

Finally, many people are unaware that private charitable organizations and religious organizations already act as subcontractors to the Federal Government, administering federal programs such as emergency food and shelter. According to the national United Way, charitable organizations receive at least one third of their funds from the government. Cuts in federal social service programs will reduce services provided by these organizations.[12] For example, Minnesota Catholic Charities received approximately $2 million in 1993 from the federal government for programs such as jobs and training, housing, refugee resettlement, emergency shelter and food programs. Cuts to these programs affect services provided by private charities and religious organizations.

"Our founder could feed 5,000 people with a few loaves of bread and fish, and while we may try the same, it is neither sound social policy nor responsible government to put people's lives in jeopardy in hope of miracles."
— Fred Kammer, President, Catholic Charities USA

Overview of Selected Government Programs That Assist Low-Income Families

There is a patchwork of government programs serving low-income families and children. Some of the most significant programs are discussed below.

AFDC In Minnesota

- $174.2 million from Federal Government in fiscal year 1994
- $144.8 million from State Government in fiscal year 1994
- 125,786 children received AFDC in fiscal year 1994
- 2.5% of the total Minnesota budget in fiscal year 1994

When people talk about "welfare" they are often referring to "Aid to Families With Dependent Children," or AFDC. AFDC provides support to children and their adult caretakers, usually because of the absence of a child's father. It also aids two-parent families where parents are unemployed. The average grant to a Minnesota family in 1994 was $416.94 per month. AFDC grants have not increased since 1987. Currently, the AFDC program expands during times of greater need and contracts during upturns in the economy.

In Minnesota:

- 66% of AFDC recipients are children.
- 74% of families receiving AFDC have one or two children.
- 54% of recipients live in urban, 19% in suburban and 27% in rural communities.[13]

AFDC and food stamps bring the income of a Minnesota family of four to $11,363 per year, 25% below the poverty level.[14]

Emergency Assistance in Minnesota

- $6 million from Federal Government in fiscal year 1994
- $6 million from State Government in fiscal year 1994
- 51,803 children received emergency assistance in fiscal year 1994[15]
- 0.09% of the total Minnesota budget in fiscal year 1994

Families facing serious emergencies can receive emergency assistance for up to 30 days in any given year. Emergencies covered include accident, illness or death, natural disasters, eviction or mortgage foreclosure, loss of utilities. The emergency assistance program keeps families who have no other resources from being homeless or hungry.

Food Stamps in Minnesota

- $235.6 million from Federal Government in fiscal year 1994
- 165,864 children received food stamps last year[16]

The federal food stamp program provides coupons for food purchases to people who qualify based on their income and household size.

Food stamp benefits depend on a family's income level; the poorer the family, the larger its benefit. In determining how poor a family is, its housing costs are considered. Currently, the food stamp program expands during times of greater need and contracts during upturns in the economy. It also increases to keep pace with food price inflation.[17] Additional sources of food assistance for children include reduced price or free school lunch and breakfasts and child care food programs.

Child Care Assistance in Minnesota

- $14 million from Federal Government in Fiscal Year 1994
- $9.5 million from State Government in Fiscal Year 1994
- 7,201 families receive child care assistance through Basic Sliding Fee program in fiscal year 1994
- 2,323 families receive child care assistance through AFDC transition program in fiscal year 1994[18]
- 0.18% of the total Minnesota budget in fiscal year 1994

In Minnesota, families can receive child care assistance through the Basic Sliding Fee program. This program provides subsidies for child care to low-income families on a sliding scale based on their income. Approximately 6,000 families are on waiting lists for the program.[19]

"When the talk of the times turned to orphanages for non-orphans, I confess that a small, cartoon-like light bulb went on over my head. Here was an idea with great potential. If we were going to take the children of poor mothers and raise them in group homes or centers, why not start modestly and cheaply? Why not start with part-time orphanages? Why not keep them open during working hours? We could call it day care." — Ellen Goodman, *Boston Globe*, February 1995.

Families leaving AFDC also qualify for one year of transitional child care assistance. After this year is completed, they may be able to participate in the Basic Sliding Fee Program unless they have not moved off the program's waiting list.

Low-income families on the waiting list for child care assistance face overwhelming debt and poor and inconsistent care for their children. They are unable to work or pursue job training or education for high-wage jobs. Some return to AFDC, food stamps and Medical Assistance.[20]

Supplemental Security Income

- $47.4 million from the Federal Government in fiscal year 1994
- 9,570 disabled children received benefits in December 1994[21]

The Supplemental Security Income (SSI) program pays for food, clothing, shelter and other necessities for low-income children who are blind or have a severe disability. Families use the grants for special expenses such as medical equipment, specialized child care, transportation costs and non-Medicaid-covered items. Many families use cash SSI benefits to offset their loss of income because a parent must care for their severely disabled child.

Most families who receive SSI are still poor. In 1990, families with at least one member (child or adult) receiving SSI had a poverty rate of 42 percent, compared to 16 percent in the general population.[22]

Since 1991, the number of children receiving SSI benefits has doubled due to four factors: a 1990 court decision that forced the government to reevaluate 450,000 children who were denied benefits in the previous 10 years (135,000 children were found to be eligible), a directive by Congress to conduct outreach to potentially eligible families, an increase in financially eligible families due to the recession of the early 1990's, and an updating of medical standards.[23]

Health Care Coverage in Minnesota

- $160 million from Federal Government in Fiscal Year 1994 (for children)
- $147 million from State Government in Fiscal Year 1994 (for children)

- 294,000 children covered by Medicaid last year
- 2.4% of the total Minnesota budget in fiscal year 1994

Medicaid (called Medical Assistance in Minnesota) currently provides basic health and specialty care coverage for many low-income children. When the need for Medicaid increases because of a weak economy, more money becomes available. By April 1995, an additional 43,370 children were covered through MinnesotaCare, a state-sponsored sliding fee health coverage program for low and moderate income families.[24] Participants in MinnesotaCare are not eligible for Medical Assistance.

Two thirds of the rising cost of the Medicaid program is attributable to general medical inflation and one-third growth in the number of eligible persons. Some federal proposals have suggested limiting the growth of Medicaid by providing a block grant that would limit the available funds. The state would then have three choices: reduce the level of provider reimbursement; cut back on benefits, or lower the eligibility levels.[25]

"Only a nation bent on weakening itself and subverting its future would make assistance for ill, hungry, destitute, or endangered children the first and primary items to be cut in a quest to provide tax reductions for the rich or reduce the national deficit." — Children's Defense Fund, *State of America's Children* report, 1995

Definitions

ENTITLEMENTS are programs that determine eligibility based on strict standards, i.e. income, family size, age. People are "entitled" to these programs when they meet the eligibility rules. These programs expand and contract in response to the changing economy, i.e. during a recession, more people become eligible for food stamps and the program expands to provide for them.

CAPPED ENTITLEMENTS differ from traditional entitlements in that the maximum amount of money for the program is predetermined and does not change in response to increased need, such as during a recession.

BLOCK GRANTS pool money from several different programs together in a single payment to states. States determine benefits, eligibility and guidelines within a few parameters set by the federal government. When social welfare programs have been converted to block grants in the past, the total amount of money for these programs has also been reduced. Block grants can also lead to differences in programs and benefits from state to state.

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A County-by-County Look at

COUNTY	AFDC FY1994 # Child.	AFDC FY1994 Fed.Pmts.[1]	Emergency Asst. 1994 #Child.	Emergency Asst. 1994 Fed.Pmts.[2]	Food Stamps FFY94 #Child.	Food Stamps FFY94 Fed.Pmts.[3]	BSF Child Care FY94 # Fam.[4]	BSF Child Care FY93 Fed.Pmts.	Medical Assistance Mth.Avg. #CT&Ch.	Medical Assistance 1993 Fed.Pmts.[5]	Est.Fed.Pmts. TOTAL / Year (these programs)
Aitkin	507	$ 646,427	186	$ 8,303	931	$ 642,541	25	$ 36,011	858	$ 944,136	$ 2,277,417
Anoka	5006	6,868,148	1701	221,559	6243	5,032,830	308	445,741	8008	13,444,128	26,012,405
Becker	1057	1,420,427	377	27,964	1690	1,205,071	63	120,609	1841	2,342,701	5,116,772
Beltrami	2660	3,885,232	994	81,093	3243	2,408,585	85	166,280	2964	4,550,008	11,091,198
Benton	694	1,029,550	222	22,832	1095	816,203	53	74,002	1194	1,794,510	3,737,097
Big Stone	109	130,425	21	652	231	135,871	14	143,313	227	207,021	617,283
Blue Earth	1074	1,389,214	162	13,976	1633	1,165,854	67	104,139	1746	2,346,866	5,020,049
Brown	366	425,480	210	16,149	614	399,891	58	58,261	716	5,952,064	6,851,845
Carlton	820	1,085,054	123	7,677	1251	918,062	53	80,699	1206	1,713,552	3,805,046
Carver	408	543,468	152	17,753	579	423,677	58	98,369	859	1,424,828	2,508,095
Cass	1172	1,613,429	251	17,700	1457	1,027,644	50	95,518	1564	2,052,412	4,806,703
Chippewa	257	323,599	214	16,304	455	327,073	36	35,514	502	580,720	1,283,209
Chisago	632	818,719	276	155,118	959	719,838	35	60,460	1122	1,914,085	3,668,220
Clay	2316	3,208,951	2115	6,366	3054	2,421,082	94	136,220	2800	4,198,649	9,971,268
Clearwater	364	459,995	76	1,121	569	392,896	37	30,370	531	628,750	1,513,131
Cook	38	58,433	10	2,443	74	58,082	6	2,366	87	156,594	277,918
Cottonwood	256	356,046	43	35,855	410	275,452	27	19,119	554	766,673	1,453,145
Crow Wing	1523	2,094,612	440	166,886	2426	1,750,593	82	153,023	2544	3,691,163	7,856,276
Dakota	4351	6,301,661	1277	12,897	5321	4,184,158	393	602,361	8606	14,991,860	26,092,938
Dodge	241	268,006	132	943	428	314,146	25	34,399	420	589,122	1,206,616
Douglas	452	588,147	9	1,266	906	638,239	162	112,623	1079	1,584,948	2,925,223
Fillmore	289	356,875	130	10,146	630	432,308	42	50,041	605	920,112	1,769,482
Freeborn	823	1,086,573	201	12,173	1205	850,567	60	83,310	1286	1,964,191	3,996,814
Goodhue	398	472,141	95	9,813	608	427,884	60	78,706	896	1,345,236	2,333,780
Grant	116	147,997	47	2,409	217	137,806	13	14,471	247	334,413	637,096
Hennepin	38537	56,249,930	17839	2,706,755	46969	37,303,115	1203	2,925,681	57491	90,465,030	189,650,510
Houston	262	292,958	35	2,638	445	304,786	32	36,013	455	587,814	1,224,209
Hubbard	472	671,748	189	16,569	791	559,931	29	47,544	811	937,111	2,232,902
Isanti	600	870,156	350	44,952	839	649,390	27	49,221	1131	1,452,083	3,065,802
Itasca	1474	2,091,676	190	12,772	2313	1,620,896	84	87,763	3326	3,669,235	7,482,341
Jackson	251	322,477	86	8,613	377	253,390	30	42,663	471	508,938	1,136,082
Kanabec	382	502,413	162	11,055	605	427,489	24	37,650	649	821,015	1,799,622
Kandiyohi	1437	1,893,379	839	53,988	2029	1,445,570	75	111,895	2129	3,077,251	6,582,082
Kittson	69	79,149	47	3,024	152	93,070	12	15,356	144	178,724	369,322
Koochiching	413	587,671	90	6,438	655	465,258	28	50,420	647	1,027,995	2,137,782
Lac qui Parle	72	95,542	7	302	166	105,603	15	30,435	202	297,130	529,013
Lake	197	246,368	64	6,626	304	234,563	38	38,372	368	470,563	996,491
Lake .. Woods	57	64,508	5	596	108	71,816	9	8,822	146	182,804	328,546
LeSueur	347	417,654	192	14,056	545	393,674	24	54,027	659	1,085,117	1,964,528
Region VIII N.[6]	608	738,788	398	47,251	1208	789,448	93	105,873	1322	1,881,716	3,563,076
McLeod	361	409,944	290	25,903	546	397,242	51	15,280	719	1,328,861	2,177,230
Mahnomen	275	375,613	63	2,968	352	243,585	14	33,352	335	497,329	1,152,847
Marshall	162	188,790	39	2,770	317	214,160	23	48,839	340	459,331	913,890
Farib./Martin	856	1,113,737	96	5,443	1424	938,622	48	55,488	1620	2,207,933	4,321,223
Meeker	353	421,853	89	68,975	600	403,387	29	38,480	709	1,029,199	1,961,894

Key to Abbreviations

AFDC = Aid to Families with Dependent Children
FY = Fiscal Year
Farib. = Faribault
 # Child. = Number of Children Receiving Benefits
 # Fam. = Number of Families Receiving Benefits
Fed.Pmts. = Federal Payments
Emergency Asst. = Emergency Assistance
BSF CC = Basic Sliding Fee
Medical Asst. = Medical Assistance
CT & Ch. = Caretakers & Children
Mth.Avg. = Monthly Average
Est.Fed.Pmts. = Estimated Federal Payments

Selected Programs for Low-Income Families

COUNTY	AFDC FY1994 # Child.	AFDC FY1994 Fed.Pmts.[1]	Emergency Asst. 1994 #Child.	Emergency Asst. 1994 Fed.Pmts.[1]	Food Stamps FFY94 #Child.	Food Stamps FFY94 Fed.Pmts.[3]	BSF Child Care FY94 # Fam.[4]	BSF Child Care FY93 Fed.Pmts.	Medical Assistance Mth.Avg. #CT&Ch.	Medical Assistance 1993 Fed.Pmts.[5]	Est.Fed.Pmts. TOTAL / Year (these programs)
Mille Lacs	574	696,822	215	23,624	793	605,157	24	49,985	1015	1,424,492	2,800,080
Morrison	619	694,666	96	7,002	1090	758,558	66	76,364	1290	1,752,386	3,288,976
Mower	853	1,110,864	342	31,950	1421	968,196	141	133,017	1555	2,078,158	4,322,185
Nicollet	372	442,471	180	21,561	595	432,718	38	57,175	732	1,092,060	2,045,985
Nobles	355	446,406	99	7,224	611	417,789	28	36,247	695	953,384	1,861,050
Norman	187	248,281	66	5,003	371	267,508	21	29,932	346	506,378	1,057,103
Olmsted	2004	2,663,063	1132	116,105	2966	2,111,181	169	299,499	2759	4,784,781	9,974,629
Otter Tail	931	1,143,975	265	24,873	1738	1,151,692	135	142,532	2058	2,773,520	5,236,592
Pennington	374	522,135	80	5,006	562	386,150	27	34,249	674	757,008	1,704,547
Pine	674	858,304	241	14,864	1138	817,879	61	82,308	1020	1,263,995	3,037,350
Pipestone	182	211,368	11	855	301	191,194	2	21,828	361	478,504	903,749
Polk	1622	2,225,433	876	56,670	2197	1,618,982	86	153,837	2125	2,276,775	6,331,697
Pope	214	259,116	29	2,197	366	238,418	31	36,862	420	591,009	1,127,603
Ramsey	25467	34,719,114	12160	1,373,234	28176	20,652,974	911	1,679,952	26368	44,871,957	103,297,231
Red Lake	67	77,865	27	1,289	173	105,448	13	9,230	186	177,567	371,399
Redwood	196	247,277	105	8,248	378	256,354	19	35,109	478	713,940	1,260,929
Renville	468	604,425	409	26,261	695	524,996	40	44,754	801	895,529	2,095,966
Rice	758	998,043	207	23,792	1152	814,868	48	89,195	1428	2,093,973	4,019,871
Rock	129	168,440	6	502	179	111,832	13	20,855	255	298,122	599,752
Roseau	150	156,703	12	1,363	272	183,778	34	30,391	334	365,071	737,306
St. Louis	6593	9,567,002	1060	78,027	10020	7,363,528	586	1,005,428	9248	12,977,674	30,991,659
Scott	653	852,527	378	56,638	899	690,255	55	86,937	1211	2,187,822	3,874,179
Sherburne	680	892,884	271	35,278	879	682,855	77	97,346	1262	2,206,555	3,914,918
Sibley	210	252,374	95	9,375	339	238,002	26	27,244	391	576,702	1,103,698
Stearns	1708	2,383,205	677	75,944	2867	2,084,786	165	211,953	3132	4,585,226	9,341,114
Steele	387	461,374	201	18,448	646	467,232	35	54,785	820	1,146,164	2,148,002
Stevens	116	155,175	23	1,225	243	185,327	20	30,456	253	341,541	713,725
Swift	182	219,629	50	3,224	387	239,693	15	38,808	419	514,415	1,015,768
Todd	534	633,733	40	4,082	1000	719,803	71	97,685	1211	1,582,081	3,037,383
Traverse	81	114,693	18	1,339	182	118,893	19	17,472	189	206,605	459,001
Wabasha	214	237,873	63	5,140	389	254,965	24	34,164	500	727,927	1,260,067
Wadena	391	511,785	120	11,764	712	495,401	48	58,027	827	1,020,970	2,097,947
Waseca	260	323,626	140	11,796	443	293,072	26	43,985	565	756,866	1,429,345
Washington	1923	2,669,277	579	94,494	2339	1,806,418	120	168,245	2855	5,405,596	10,144,029
Watonwan	236	237,986	90	8,410	386	250,116	17	24,240	487	685,581	1,206,334
Wilkin	238	320,880	346	31,074	355	269,862	19	19,899	339	503,452	1,145,167
Winona	756	927,501	120	9,804	1149	781,857	74	87,142	1342	1,790,263	3,596,566
Wright	1131	1,446,090	415	50,651	1628	1,202,418	69	139,550	2124	3,226,779	6,065,489
Yellow Med.	183	246,645	25	1,693	342	238,308	34	33,902	446	505,357	1,025,905
TOTALS	125,786	$174,161,995	51803	$ 6,171,119	167,351	$125,019,807	7201	$ 12,009,685	188,657	$ 292,755,970	$ 611,062,712

References & Notes

1. Minnesota Department of Human Services.
2. Hennepin County Analysis Unit.
3. Minnesota Department of Human Services. Fifty-three percent of food stamp recipients are children; number of food stamp recipients and payments for each county were multiplied by 0.53.
4. Minnesota Department of Human Services.
5. Minnesota Department of Human Services.
6. Lincoln, Lyon, and Murray counties are reported jointly under Region VIII.

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What You Can Do

Staying informed as welfare reform proposals are debated is important for community members, religious and civic leaders, public officials and human service providers. There are many excellent local and national sources of information including the following:

- HANDSNET is a national computer communications network for people working on social and economic justice issues. It offers online information forums and e-mail access in an interactive, easy-to-use format. For more information, call 408/257-4500.
- Center on Budget and Policy Priorities, Washington DC, provides analysis of federal budget initiatives. To receive regular updates, call 202/408-1080.
- Children's Defense Fund—Washington, DC publishes a monthly newsletter, *CDF Reports*, which provides updates on timely issues concerning children. Subscriptions are $29.95 per year. Call 202/628-8787.
- Children's Defense Fund—MN publishes a free monthly newsletter, *You Should Know...*, which summarizes current policy debates about children. To receive a copy, call 612/227-6121.

Congregations Concerned for Children offers opportunities for members of religious communities to be involved in advocacy for children's issues. To become a child advocate, call 612/870-3660.

Kinder Ways to Reduce the Deficit

There is widespread consensus that the federal deficit needs to be reduced. Both the Progressive Policy Institute in their *Cut and Invest: A Budget Strategy for the New Economy*, and the Libertarian Cato Institute in *Ending Corporate Welfare as We Know It*, offer numerous suggestions for cuts in corporate subsidies and tax breaks that would reduce the deficit without harming children. A few examples are given below:

1. Tax inherited capital gains the same way we do all other capital gains. **Savings: $37.5 billion**
2. Allow the home mortgage interest tax deduction only on the first $300,000 of the mortgage, rather than the first $1 million. **Savings: $34.8 billion**
3. Raise the federal cigarette tax to 99¢ per pack, cutting teen smoking and helping cover government health and disability costs of smokers. **Savings: $49.1 billion**
4. End tax exemptions for income earned by U.S. companies on operations in U.S. Territories. **Savings: $19.7 billion**
5. Buy 40 C17 airplanes instead of 94 and fill the rest of the need through other, less troubled, planes. **Savings: $8.1 billion**
6. Get by with only 10 groups of aircraft carriers instead of 12, a change recommended by defense experts seven years ago. **Savings: $3.99 billion**
7. End corporate tax deductions for advertising cost. **Savings: $18.3 billion**

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Effects on Minnesota of the U.S. House of Representatives' Welfare Reform Plan

In late March, the U.S. House of Representatives passed The Personal Responsibility Act of 1995. While over 20 programs are affected by the bill, this report examines a few of the most significant for Minnesota children, along with estimates of the amount of money Minnesota will lose under the plan. This loss in funds means that either the Minnesota state government will have to make up the difference or some Minnesotans will lose help which they currently receive.

AFDC

Aid for Families With Dependent Children (AFDC), along with the Jobs Program and Emergency Assistance Programs, would become the Assistance for Needy Families Block Grant under the House plan.

Changes in eligibility, including time limits on assistance and limits to benefits for mothers under 18, would also substantially decrease the number of children in Minnesota who receive help. Approximately 73,000 Minnesota children would lose benefits by the year 2000.[1]

The House block grant does not include funding for job training programs, child care assistance, case management or other intervention programs which help families leave AFDC.

Loss to Minnesota over five years: $109 million.[2]

Food Stamps

Under the House plan, food stamps will become a "capped entitlement" program. This limits the amount of money that states can receive for the program, regardless of the economy. It also would limit increases in benefit levels to 2% a year despite food price inflation, and would reduce the extent to which benefit levels consider other household expenses such as housing.

Food stamp cuts also affect the retail food sector. According to the U.S. Department of Agriculture, every $1 billion in food stamp spending generates about 25,000 jobs in the food retail industry.

Loss to Minnesota over five years: $253 million.[3]

Child Care Assistance

The House bill will reduce the availability of child care by freezing spending at 1995 levels. It ends the one year of child care assistance for families leaving AFDC and eliminates federal standards for health and safety and provider education and training.

The child care food program is combined into a block grant under the bill, reducing funding by 50%. This will increase the cost of child care for all families with children in licensed family child care and for low- and moderate-income families with children in center-based care. A licensed family child care provider receives $2.78 per child for two meals and a snack. If reimbursement is cut by 50%, the increased cost of full-time child care for families would be close to $350 per year.[4]

Loss to Minnesota over five years:
$41 million for child care assistance and development;
$50.4 million for the Child and Adult Care Food Program.

Help for Abused and Neglected Children

In 1980, Congress passed the Adoption Assistance and Child Welfare Act to prevent unnecessary placement of children in foster care, encourage timely reunification of children with their parents and promote expeditious adoption for children unable to return to their biological parents. The House plan would repeal this act, creating a Child Protection Block Grant and repealing national standards for: reasonable efforts to keep children with families, reunification efforts, licensure of out-of-home care facilities, federal review of state compliance, assurances of a guardian *ad litem*, and protections for mandated reporters of child abuse and neglect.

In addition, block granting these funds drops the requirement to provide subsidies for special needs adoptions and reduces funding for foster parent training.[5] In Minnesota in 1992, 18,096 children were in out-of-home placements, primarily in foster care or emergency shelter.[6]

Loss to Minnesota over five years: $65 million.

Supplemental Security Income for Disabled Children (SSI)

Changes proposed by the House Bill would cancel eligibility for approximately 28% of the 10,160 Minnesota children currently receiving benefits.

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Children will not be eligible in the future unless they also meet a new test of needing institutionalization if they were not "receiving personal assistance necessitated by the impairment." States will receive a block grant to provide services to a limited number of the children currently receiving SSI.

Without SSI, many families will be less able to care for their disabled children. A reduction in SSI payments will also result in a transfer of costs to states and counties, since these children still need services and care.[7]

Loss to Minnesota over five years: $9.8 million.[8]

School Lunch and Breakfast

The federal government has subsidized school lunches because of concern that poor nutrition affects learning. The House proposal replaces the school lunch and breakfast program with a school-based nutrition block grant. States can transfer up to 20% of this nutrition block grant to other block grants.

The U.S. Department of Education projects school enrollment will rise 8% over the next five years. Combined with expected increases in food prices, the 4.5% increase in school lunch and breakfast funding asserted by the House plan would not meet future needs. Minnesota would have to: raise prices for all students, limit eligibility for free and reduced priced lunches, reduce the quality of lunches, or raise taxes to pay for the program.[9]

Compounding the Pain

In the lives of real families, the effects of these cuts would multiply. A poor family might see their food stamp benefits reduced as they lose SSI assistance for a disabled child. A middle class family might see higher local and state taxes, increased child care costs, and increased health care expenses as costs are transferred to the state and the private sector.

The effects on the local economy of such significant funding cuts will also be substantial. Cuts to Minnesota under the Personal Responsibility Act will total over $528 million over five years. This money now goes to grocery stores, utilities, landlords, clothing stores, child care providers and others in the community.

Savings Are Canceled by Tax and Budget Changes

Along with cuts to social programs, the House passed tax and budget changes that will reduce revenue by $205 billion over the next five years, increasing to $725 billion over the next ten years. These proposals:

- Create a new, more generous type of Individual Retirement Account;
- Reduce tax on capital gains income (profits from the sales of assets such as stocks, bonds, and buildings) by exempting profit that is attributable to inflation as well as half of the other profits
- Allow businesses to deduct more for depreciation of buildings, machinery, and equipment than the original value of those items; and
- Reduce taxes from 85% to 50% on Social Security for higher-income recipients.

Unlike the majority of the other proposals, the proposed $500 per child tax credit would benefit middle-income taxpayers. However, whether middle-income families are better off in the long run would depend on how the costs of the various tax cuts are financed. If financing the tax cuts requires cuts in programs like school lunches that benefit middle-income families, or if states and localities raise taxes to make up for those costs, middle-income families might find their disposable incomes reduced.

One third of families will not receive the $500 per child tax credit, because their incomes are too low or they do not have a taxable income. Neither will they benefit from the other tax cut proposals. When fully phased in, the Treasury Department estimates that the wealthiest 10 percent of households will receive 47% of the tax cuts. The richest 1% of households would receive 20 percent of the tax cut benefits.[10]

References

1. U.S. Department of Health and Human Services.
2. All dollar estimates, unless otherwise noted, are from the Minnesota Department of Human Services, *Major Block Grants in the Personal Responsibilty Act. Fiscal Implications for Minnesota*. April 1995.
3. US Department of Agriculture, Division of Food and Consumer Service and the Economic Research Service, *The Nutrition, Health, and Economic Consequences of Block Grants for Federal Food Assistance Programs*, January 17, 1995.
4. Minnesota Department of Human Services.
5. Analysis of effects from the Child Welfare League of America, Washington, DC.
6. Minnesota Department of Human Services.
7. Analysis of effects from Bazelon Center for Mental Health Law, Washington, DC.
8. Children's Defense Fund, Washington, DC.
9. Analysis of effects from Center on Budget and Policy Priorities, Washington, DC.
10. Center on Budget and Policy Priorities. *Assessing the First 100 Days: The Combined Distributional Effects of the House Spending and Tax Proposals*. April 7, 1995.

Copies of this report are available from:

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